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October Term, 1967

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No. 162

TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,

Petitioner,

against

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners Trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,

Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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Statement of the Case and of the Facts

The Petition for Certiorari is based upon a Statement of Facts (pp. 8-21) which bears no relation to the record in the case. Instead of presenting a counter Statement of Facts, respondents will correct some of the more glaring errors in petitioner's Statement of Facts. This should be more helpful to the Court since it will highlight the differences between the parties and the deficiencies in the Petition for Certiorari.

Petitioner's Statement of Facts (p. 8):

> "Indisputably, a new chemical composition of matter, an aqueous composition of thioglycolic acid and ammonia (T acid-ammonia composition) and a

new use of that composition for permanently waving hair revolutionized the entire permanent wave industry throughout the world by replacing hot waving with cold waving (Vol. II pp. 130-131). The McDonough 323 patent, the patent claiming that new composition of matter, is the patent in issue."

Comment:

1. "Aqueous composition of thioglycolic acid and ammonia" is not a "new composition of matter". It was disclosed for another purpose in Leavell & Ellis, Industrial and Engineering Chemistry, Vol. 6, No. 1, 1934, pp. 46, 47 (323 patent, Col. 9, Defendants' Appendix, p. 30a).

2. 323 does claim the thioglycolic acid-ammonia composition of matter, but the application for 323 was filed on August 13, 1949, admittedly many years after the entire industry had adopted the same composition.

3. McDonough, patentee of 323, first disclosed this composition in his 710 patent application filed on June 16, 1941, but this was six months after Grant (Helene Curtis) had filed a patent application disclosing and claiming the same composition of matter (DX-6, Defendants' Appendix, pp. 124a-137a).

4. In 710 McDonough characterized thioglycolic acid as the "least effective" waving compound (710 patent, Col. 5, Defendants' Appendix, p. 32a).

5. McDonough admitted (Defendants' Appendix, p. 153a) that if the industry had followed the teaching of 710, they would not have used thioglycolic acid.

6. By admission of McDonough the industry commenced to use the thioglycolic acid-ammonia composition of matter

as a cold wave as early as 1941, and further by his admission the industry could not have copied these cold waves from him (Defendants' Appendix, pp. 177a-178a). By admission of McDonough's employer Evans, Sales Affiliates (the Evans-McDonough company) did not market a thioglycolic acid-ammonia cold wave until December of 1943 or early 1944, some 2½ to 3 years after the same cold waves were put on the market by the rest of the industry (Defendants' Appendix, p. 148a).

Petitioner's Statement of Facts (p. 9):

> "By about April 1937, he successfully developed and used the chemical composition in use today, a water solution of T acid and ammonia at pH about 9 and a concentration of 5% (Appendix, pp. 29a-30a)."

Comment:

1. Prior to April, 1937, to wit, on January 27, 1936, McDonough's employer Evans suggested that McDonough try thioglycolic acid for a hairwaving solution (DX-23, Defendants' Appendix, p. 48a).

2. Although petitioner claims April, 1937 as the date of invention of 323, two Circuits have held that McDonough is entitled to a date of invention no earlier than the filing date of 710, namely, June 16, 1941 (*Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, D. C. N. Y. 1958; *Tidewater Patent Development Co.* v. *Gillette Co.*, 273 F. 2d 936, 4 Cir. 1959).

Petitioner's Statement of Facts (p. 9):

> "Accordingly, on June 16, 1941, McDonough filed his patent application (710 application) disclosing his inventions (Vol. I, p. 32a). In compliance with Patent Office requirements, he then filed a separate

application for the T acid-ammonia composition as a continuation in part (323 application) (Vol. I, p. 30a)."

Comment:

1. All that the patent Office required was an election of species. The choice was McDonough's, but he failed and refused to elect thioglycolic acid (Plaintiff's Appendix, pp. 88a, 89-3a).

2. The filing of a separate application for the thioglycolic acid species was not in "compliance with Patent Office requirements". By admission, McDonough could have retained the thioglycolic acid species in 710, but it was his choice that this species be filed in a separate application (Defendants' Appendix, p. 215a).

3. The Patent Office requirement for an election of species was made on October 21, 1941 (Plaintiff's Appendix, p. 88a), and McDonough could have filed his thioglycolic acid application (323) promptly thereafter (Defendants' Appendix 218a); instead, McDonough waited until August 13, 1949 before filing 323 (323 patent, Col. 1, Defendants' Appendix, p. 30a).

Petitioner's Statement of Facts (p. 10):

"Helene Curtis and Gillette immediately [upon issuance of 710 on December 4, 1951] sued Sales Affiliates in the Second Circuit to declare 710 invalid (Vol. I, p. 244a)."

Comment:

This is true but misleading. The real story is told in *Helene Curtis Industries* v. *Sales Affiliates*, 105 F. S. 886, 891 (D. C. N. Y. 1952) as follows:

> "On the date the [710] patent issued, a rash of law suits broke out. * * * Here in the Southern District Helene Curtis and Gillette each began their own actions * * * for declaratory judgments declaring the patent invalid and that they were non-infringers. * * * Later the same day [the day of issuance of 710] Sales Affiliates filed four infringement actions against seven defendants in the District Court for the District of Columbia * * *."

Petitioner's Statement of Facts (p. 11):

> "Meanwhile 323 was still pending in the Patent Office where patentability was being urged on several grounds in the alternative, including the basic ground of new composition of matter and new method."

Comment:

Two Circuits have now held that 323 patentability was urged, and the patent issued, on the ground of criticality alone and not as a new composition of matter. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 349 (D. C. N. Y. 1958); *Tidewater Patent Development Co.* v. *Kitchen,* 371 F. 2d 1004, 1012 (4 Cir. 1967)—the case at bar (p. 16a). As stated in this case:

> "This 'criticality' was exclusively and successfully urged upon the Patent Office as the inventiveness in 323. Moreover, it was the ground on which Tidewater won the interference proceeding in this Court * * *."

Petitioner's Statement of Facts (p. 11):

> "After the District Court in New York had held 710 invalid, Sales Affiliates divested itself of owner-

ship of the 323 application (which was still pending in the Patent Office) by transfer to petitioner, Tidewater, a Virginia corporation, whose stock was acquired by Kinney (Vol. I, pp. 246-248)."

Comment:

1. Petitioner omits mention of the fact that it was incorporated and financed by Sales Affiliates and that Sales Affiliates was its sole stockholder until the stock was sold to Kinney. The transfer of 323 from Sales Affiliates to petitioner was hardly a divestment of ownership. Two Circuits have now held petitioner to be the alter ego of Sales Affiliates. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 351; the decision of the Court of Appeals in the case at bar (pp. 18a, 19a).

2. Petitioner also fails to mention the fact that Kinney was no stranger either, since his stepdaughter was married to the son of Sales Affiliates' president Evans. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 351.

Petitioner's Statement of Facts (p. 12):

"• • • the District Court in New York warned that 'the validity of 323 is not to be determined as though this were a plenary proceeding' *Helene Curtis* v. *Sales Affiliates,* 161 F. Supp. 345, 347 • • •."

Comment:

Petitioner quotes out of context. What the Court really held was that petitioner's *adversaries* were limited in their presentation of evidence and issues; petitioner was not. See *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 at p. 347 where the Court held:

"The validity of 323 is not to be determined as though this were a plenary proceeding. The *plaintiffs* are limited to showing that 323 is invalid for 'substantially the same reasons' that 710 was invalidated * * *." (Emphasis supplied.)

Petitioner's Statement of Facts (pp. 12-13):

"* * * it [the District Court in *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345] refused to consider 323 as a discovery of a new composition of matter, refused to consider McDonough's 1937 invention date for the T acid-ammonia composition (*idem.* 161 F. Supp. 345, 349), refused to consider the prior art as of the 1937 invention date * * *."

Comment:

1. The District Court in *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 did not *refuse* to consider 323 as a new composition of matter; it *held* it was not a new composition of matter. Even the District Court in the present case held 323 to be a new use of a known composition of matter, and not a new composition of matter (p. 37a).

2. The District Court did not *refuse* to consider 1937 as McDonough's 323 invention date; it *held* that McDonough was not entitled to an invention date prior to the filing of 710, namely, June 16, 1941. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 350. The Fourth Circuit also limited McDonough's date of invention to June 16, 1941, the 710 filing date. *Tidewater Patent Development Co.* v. *Gillette Co.,* 273 F. 2d 936, 940.

Petitioner's Statement of Facts (p. 16):

> "As noted by Judge Soper, in the same opinion [in *Tidewater* v. *Gillette*, 273 F. 2d 936], the basis of McDonough's victory in the Patent Office, also was on the ground that pH was only an "agency" which had to be considered 'in relation to the required ingredients', id. 273 F. 2d 936, 941, in other words, a new composition of matter."

Comment:

Tidewater v. *Gillette* did not declare 323 to be the invention of "a new composition of matter". The Fourth Circuit Court of Appeals, having written the opinion in *Tidewater* v. *Gillette*, is best qualified to interpret its meaning, and, as held by the Court of Appeals in the present case (p. 16a):

> "This 'criticality' was exclusively and successfully urged upon the Patent Office as the inventiveness in 323. Moreover, it was the ground on which Tidewater won the interference proceeding in this court * * * ".

Petitioner's Statement of Facts (p. 16):

> "It [the case at bar] was petitioner's first and only day in court in determining the validity of 323 (Vol. I, p. 255a). It was the only *plenary* suit in which the validity of 323 was litigated."

Comment:

The Court of Appeals for the Second Circuit has held to the contrary (*Helene Curtis Industries* v. *Sales Affiliates*, 247 F. 2d 940, 946):

"• • • [T]he only missing badge of a plenary proceeding was the service of an original summons. • • • Indeed, it is difficult to imagine what more could possibly have been presented in a so-called 'plenary' proceeding."

Petitioner's Statement of Facts (p. 17):

"The Court of Appeals, Fourth Circuit, in reversing, stated, 'Invention, any way, is not proved, for the use of these materials in hair waving is not shown to be new • • • ' (Appendix, p. 3a). That the use of these materials in hair waving was, indeed, new was conceded on the record by Mr. Stoll, counsel for respondents • • •."

Comment:

Counsel for respondents *never* conceded that McDonough's use of thioglycolic acid and ammonia in hair waving "was indeed new". What was conceded (p. 17) was that respondents did not know of any art "prior to Grant and Martin" in which thioglycolic acid was used in a hair wave. The concession also expressly excluded Evans (p. 18) who proposed the use of thioglycolic acid for hair waves as early as January 27, 1936 (DX-23 Defendants' Appendix, p. 48a). Grant's date was January 2, 1941 (Defendants' Appendix, p. 124a) and Martin's date was March 13, 1941 (Defendants' Appendix, p. 121a). McDonough's date of invention, as held both in the Second and Fourth Circuits, was June 16, 1941 (*Helene Curtis Industries* v. *Sales Affiliates*, 161 F. S. 345, 350; *Tidewater Patent Development Co.* v. *Gillette Co.*, 273 F. 2d, 936, 940).

Petitioner's Statement of Facts (p. 18):

> "The Court of Appeals states that before the Special Master and in the District Court petitioner gave 'an assurance to the court and opposing counsel at trial' that it disclaimed criticality. Respondents never relied on any such assurance and before the Special Master and in the District Court, respondents urged, at great length, that the 710 and 323, patents lacked criticality. Respondents' point heading in their reply brief in the District Court read 'the 710 and 323 Patents Lack Criticality' and under that heading contended, for example (p. 136):
>
> > "'* * * much as plaintiff would like to leave the arena of criticality, and thereby choose its own field of battle, it may not do so because if the 323 patent lacks criticality, it is invalid, irrespective of how many other reasons plaintiff may suggest for holding the patent valid'."

Comment:

Petitioner succeeds in confirming the opinion of the Court of Appeals. If petitioner had introduced criticality evidence at the trial and had argued criticality, respondents would have had an opportunity to refute such presentation. Instead, petitioner left "the arena of criticality" to "choose its own field of battle". The quotation from respondents' brief (p. 19), "Is the 323 patent invalid on the ground of *criticality?*" obviously means, "Is the 323 patent invalid on the ground of *lack of criticality?*"

Petitioner's Statement of Facts (p. 19):

> "Petitioner did not reverse its position in the Court of Appeals."

Comment:

But petitioner did, in fact, reverse its position in the Court of Appeals. Petitioner did represent to the Court of Appeals that 323 is a criticality invention. This was a reversal of position.

In petitioner's Appeal Brief (p. 24) petitioner wrote:

> "Defendants contend • • • that the limits in the [323] claims are in fact *not critical* and therefore the claims are invalid. Defendants are wrong on all counts." (Emphasis supplied.)

The 710 and 323 patents have effectively been used to terrorize the industry. In *Helene Curtis Industries* v. *Sales Affiliates,* 199 F. 2d 732, 733 (2 Cir. 1952) the Court found that "a major industry is left in turmoil".

In *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 945 (2 Cir. 1957), the same Court found that:

> "There has been a potential state of warfare in the industry since the late 1940's at least. • • • Thus *not only the present plaintiffs but also the entire industry are in sore need of injunctive* relief • • •." (Emphasis supplied.)

This Court should know the practical significance and consequence of the present proceeding and of an outcome favorable to the petitioner. The claimed date of invention of both 710 and 323 is April, 1937. The 710 expiration date is December 4, 1968. The 323 expiration date is February 28, 1973. The Court of Appeals held that 323 is invalid over 710 on the ground of double

patenting and we quote the following significant passage from its opinion (p. 14a):

> "The injury resulting is at once evident. Apart from subjecting the appellant-defendants to the damages ordered assessed, such repetitive patenting would extend the effectiveness of 710 from its expiry in December 1968 to 323's terminal date of February 1973. At the same time it would expose the public to double threat and hazard."

If petitioner should prevail on this issue, petitioner would have a patent monopoly extending to February 28, 1973 on a claimed date of invention of April, 1937, a span of 36 years. This is more than twice the statutory lifetime of a patent!

Running through the Petition for Certiorari is the recurrent theme that petitioner has been deprived of due process of law. Typical is the following representation (pp. 26-27):

> "Petitioner's briefs were read by eyes that were blind; its arguments were heard by ears that were deaf. If the Court of Appeals had expressly refused to permit petitioner to submit a brief and expressly refused petitioner a day in court for oral argument, could the damage have been greater or the violation of due process less?"

This has been petitioner's plaint at each unsuccessful stage of its 710 and 323 litigation. By way of illustration, the Petition for Certiorari in *Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148, cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260, contained the following question:

> "1. Is petitioner denied due process of law in violation of the Fifth Amendment to the U. S. Constitution by being deprived of oral summation before a Special Master, in a case involving a six months' trial, over 6000 pages of testimony and several thousand pages of exhibits raising complex and complicated issues of law and fact when such issues were still judicially unfettered by the operation of Rule 53(e) (2) of the Federal Rules of Civil Procedure?"

In *Helene Curtis Industries* v. *Sales Affiliates*, 247 F. 2d 940, the 323 proceeding was characterized as a deprivation of property without due process of law. As stated, for example, in defendant's motion to dismiss the 323 proceeding (Plaintiff's Appendix, p. 57), defendant alleged that:

> "10. Said motions are invalid in that the relief sought if granted would deprive the alleged contemnors of their property without due process of law as provided for in the Fifth Amendment of the Constitution of the United States.
>
> "11. Said motions are invalid in that the relief sought if granted would deprive the alleged contemnors of their liberty without due process of law as provided in the Fifth Amendment of the Constitution of the United States."

The Second Circuit Court of Appeals disagreed and held that the parties had their full day in court on the 323 issues in suit (247 F. 2d at page 944):

> "Every procedural and substantive safeguard was afforded the parties, the issues were fully stated

and framed, and there was as full a trial of the issues as both parties desired."

In the present case, in the Petition for Rehearing in the Court of Appeals (p. 3), petitioner wrote as follows:

> "This Court erred in holding that, 'Attorney fees in a reasonable amount should be awarded to the appellants as the prevailing parties' (Op. 17) in that such holding deprives Tidewater of its property without having been afforded an opportunity to be heard or otherwise present evidence in its behalf, all in violation of the rights guaranteed to Tidewater by the Due Process Clause of the Fifth Amendment of the Constitution of the United States, for the following reasons:
>
> * * *
>
> "(f) Tidewater has not been afforded an opportunity to be heard, contrary to the rights guaranteed it by the Due Process Clause of the Fifth Amendment to the United States Constitution on the issue of its alleged awareness 'of the obvious invalidity of' the 323 patent (Op. 17-18) * * *".

The 323 patent in suit has been held invalid by two Circuits and has been held valid by none. Petitioner is dissatisfied with these decisions, but it cites no valid reason for the intervention of this Court. The factual bases of the Questions presented to this Court for Certiorari are without foundation in the record and consequently they are virtually irrelevant to the issues in the case. This will be more clearly brought out in the following summary of argument and detailed discussion of the individual Questions presented.

Summary of Argument

Re: First Question

Petitioner accuses the Court of Appeals of abrogation of the "clearly erroneous rule" by erroneously rejecting the District Court's finding "that the 323 invention was discovery of a *new composition* of matter". Petitioner errs since the District Court never made such finding. What it did find (p. 37a) was that 323 was the discovery of a *new use* (permanent hair waving) for a *known composition* of matter ("a composition of thioglycolic acid and ammonia * * * at certain concentration and pH").

But even if the District Court correctly, and the Court of Appeals incorrectly, construed the 323 invention, there would still be nothing for the Supreme Court to review.

Re: Second Question

Petitioner accuses the Court of Appeals of depriving petitioner "of the elementary right of a day in court" by erroneously finding "that Tidewater changed its position on appeal". Petitioner did, however, change its position on appeal—from *disavowal* of criticality in the District Court to *reliance* on criticality in the Court of Appeals.

But even if the Court of Appeals "misapprehended the plain statement of Tidewater's position on appeal", this would nevertheless not be a matter for review by the Supreme Court.

Re: Third Question

Petitioner charges the Court of Appeals with "incapacitating confusion" by reason of its "blind adoption of the

decisions of the Second Circuit". Petitioner errs. The Court of Appeals made its own independent determination of the issues in the present case, thereby concurring in a prior determination by the Second Circuit of the same issues in another case.

Suppose the Court of Appeals did in fact adopt the decisions of the Second Circuit, would this constitute a grievance warranting the attention of the Supreme Court? Concurrence between circuits has never been a ground for review by the Supreme Court.

Re: Fourth Question

Petitioner charges the Court of Appeals with finding file wrapper estoppel where none exists. Petitioner is again wrong. There is file wrapper estoppel in the file of the 323 patent (reliance on criticality as the exclusive ground of patentability over the prior art and priority over a prior applicant) as two Circuits have now found.

But even if this finding of estoppel were erroneous, what basis would there be for intervention by the Supreme Court?

Re: Fifth Question

Petitioner challenges the Court of Appeals determination that 323 ("for the discovery of a new composition of matter") is invalid over 710 ("for the discovery [of] special laws and criteria") on the ground of double patenting. This is a non-existent distinction, since the 323 composition of matter is disclosed and claimed in 710, and the 710 "special laws and criteria" (pH and concentration limitations) are disclosed and claimed in 323. Two Circuits

have now found 323 invalid on this ground of double patenting.

But even if this determination of double patenting were erroneous, it would hardly be a matter for review by the Supreme Court.

Re: Sixth Question

Petitioner concedes that 710 is invalid and questions whether 323 can "be held void as a double patent of 710". However, invalidity of 710 would not free 323 from the principal vice of double patenting—extension of the patent monopoly (in this case four years) beyond the statutory patent term. Moreover, petitioner's concession of invalidity was never previously made, and this argument against double patenting was never presented to the Court of Appeals.

What therefore, is there for the Supreme Court to review?

Re: Seventh Question

Petitioner accuses the Court of Appeals of "Complete Abdication of Judicial Function" by holding that the invalidity of 323 had been "*conclusively* demonstrated by the Federal Courts in New York". Petitioner erroneously construes this to be a holding of *res judicata* or collateral estoppel, declaring the New York decisions to be legally binding upon the parties herein. But the Court of Appeals expressly rejected this view (p. 4a):

> "We are urged to dispose of this case upon a plea of res judicata or judgment by estoppel—that the New York decisions are conclusive here. * * * As we find the patent invalid in itself, we have no occasion to rule on the effect here of the New York decisions."

This is the Court of Appeals' own answer to petitioner's accusation of abdication of the judicial function, and it leaves nothing for review by the Supreme Court.

Re: Eighth Question

Petitioner objects to the Court of Appeals' award of attorney fees to respondents, contending (p. 42) that "this was not an exceptional case justifying such an award". In making this award, the Court of Appeals held (p. 18a) that:

> "The exceptional circumstances dictating this allowance are the fact that when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York. Whether or not Tidewater had the naked right to relitigate in this Circuit, we think to sue again in the circumstances was an abuse of that right, especially in seeking to recover on grounds renounced in New York and in the District Court here."

This determination was confirmed on rehearing by all seven judges of the Court of Appeals (p. 1a) as follows (p. 19a):

> "'This allowance, we said, was based on the finding that the relitigation of patent 323 was, in the circumstances, an abuse of that right. We thought it vexatious. We still think so. If Tidewater wants to litigate and relitigate it alone should pay the cost when it does not prevail."

Surely, this evaluation of petitioner's conduct is not a matter for Supreme Court review.

ARGUMENT

First Question Presented

("Departure from accepted course of judicial proceedings: abrogating the 'clearly erroneous rule'.")

a. "When the District Court finding that the 323 invention was discovery of a new composition of matter and a new use of that composition

b. "is supported by the plain meaning of the patent language in the disclosure and claims, the inventor's definition of terms and the record as a whole,

c. "has the Court of Appeals radically departed from the usual course of judicial proceedings when it abrogates the requirements of Rule 52(a) of the Federal Rules of Civil Procedure

d. "by holding, as a matter of law, that such was not the invention

e. "on the basis of two short, quoted colloquies between court and counsel in the heat of trial, outside of and contrary to the context of the record, contrary to the unambiguous meaning of the words of the colloquy and under a complete misapprehension of the most elementary principles of patent law?"

Answer to First Question

a. The District Court *did not find* that McDonough's 323 invention was the discovery of "a new composition of matter and a new use of that composition".

It is stated in the Petition (p. 23) that:

> "The Court of Appeals disregarded the substantial oral and documentary evidence cited and relied

upon by the Special Master and the District Court in their respective opinions holding that 323 was valid as a *new composition of matter.*" (Emphasis supplied.)

But neither the Special Master nor the District Judge made any such finding. What they did find was that 323 was a *new use of an old composition* (37a):

> "The Court feels that the Master was justified in finding that McDonough was first to discover and teach that a composition of thioglycolic acid and ammonia was effective at certain concentration and pH in imparting an effective cold permanent wave to human hair." *

b. The District Court *could not find* that McDonough's 323 invention was the discovery of "a new composition of matter and a new use of that composition".

It is stated in the Petition (p. 23) that:

> "The entire opinion of the Court of Appeals rests on one single premise, that documentary evidence establishes as a matter of law that:

---

* There is one other finding by the District Court on this subject (29a):

> "The 323 invention may be held patentable on any one of a number of statutory categories:
>
> "(1) * * *
>
> (2) new use of a known composition of matter
>
> (3) new composition of matter
>
> (4) * * *."

But which category? Categories (2) and (3) are mutually exclusive since a composition of matter cannot at the same time be both "known" and "new".

> "'. . . invention [in 323] is virtually disavowed. . . . Invention, anyway, is not proved, for the use of these materials [T-acid-ammonia composition] in hair waving is not shown to be new. . . .' (Appendix, p. 3a).
>
> "On the contrary, the record is plain that it was conceded by respondents in open court that 'there was no prior art in which thioglycollic acid was used in a hair wave'."

Petitioner quotes respondents out of context. What respondents (actually counsel for respondents) really said (Petition, p. 17) was that

> "*Prior to Grant and Martin* • • • there was no prior art in which thioglycollic acid was used in a hair wave." (Emphasis supplied.)

Grant was prior to McDonough. Although McDonough claims April 1937 as his date of invention of 323, the Court of Appeals (in *Tidewater Patent Development Co.* v. *Gillette,* 273 F. 2d 936, 940, 4 Cir. 1959) held that McDonough's effective date of invention was June 16, 1941.

But Grant taught the use of the same thioglycolic acid-ammonia composition for hair waving as early as January 2, 1941 when he filed his patent application DX-6.

The Grant patent application was subsequently rejected by the Patent Office and then abandoned on appeal. The District Court held (32a) that "hence that application could be used neither as prior art nor proof of prior invention". The District Court erred: *Hazeltine Research* v. *Brenner,* 382 U. S. 252, 86 S. Ct. 335 (1965); *Alexander Milburn Co.* v. *Davis-Bournonville Co.,* 270 U. S. 390, 46 S. Ct. 324 (1926).

But even if we should accept McDonough's claim of April 1937 as the date of his invention, the evidence shows that more than one year earlier—on January 27, 1936—McDonough's own employer Evans suggested that McDonough make use of thioglycolic acid in hair waving (DX-23).

Moreover, McDonough's thioglycolic acid-ammonia composition (concentration "less than 15%"; "desired pH range of 7.0 to 10.0"—323 patent, col. 3) was fully disclosed by Leavell and Ellis (concentration 8.3%; pH 9.61) for a non-analogous use as early as January 15, 1934 (323 patent, col. 9).

It conclusively follows that the Court of Appeals was fully justified in refusing to find that 323 was the discovery of "a new composition of matter and a new use of that composition".

c. The colloquies on which the Court of Appeals relied were fully in accord with the context of the record.

It is stated in the Petition (pp. 23-24) that:

> "The first colloquy (between the District Court and petitioner's counsel, *in the heat of trial, taken out of context*) is quoted by the Court of Appeals as establishing that invention was disavowed or not proved, as a matter of law:
>
> "'The Court: It [thioglycolic acid] had been known for nearly seventy years. All right, now, *the mere fact of suggesting that thioglycolic acid will help in a permanent wave is not a patentable idea in itself,* is it, any more than suggesting that salt, which is a known chemical, might be used for a dozen uses? That is true, isn't it?

" 'Mr. Finnegan: *I think that is right, sir.*

" 'The Court: Now, don't we come down and *don't we narrow the issue down to the proposition of using a certain solution within the limitations and purposes,* that is the real test?

" 'Mr. Finnegan: *That is right, and that is what this patent is about.* I would say this, that the invention concept has to start somewhere and the idea of using T-acid gives it the origin and it is the working together, working out of the combination that results in the invention that is claimed, working out these other limits." (Emphasis supplied.)

Not only was this colloquy in accord with the context of the record, but it was a virtually verbatim quotation taken from the patentee's own testimony (Tr. 999):

"The Court: * * * if I understand you correctly, you are saying that *the heart of your invention or your claim is the limitations in which this ingredient* [thioglycolic acid] *is used along with other ingredients* [ammonia and water], *and the testimony, for example, of the last two days has been related to these limitations.*

The Witness [Dr. McDonough]: *Yes, sir, that is what 323 is.*"

(Tr. 1000):

"The Court: All right. But now do you go back and pick up in addition to this field— or this sphere of limitations set forth in your claims, the fact that you originated the idea of thioglycolic acid, or was that something known to this trade beforehand, and that you—and that your claim comes from putting it together in the working manner?

> The Witness: Even if someone else had even suggested thioglycolic acid, sir—even if someone had suggested thioglycolic acid, I say that I still had an invention in 323, but as far as I am concerned I suggested thioglycolic acid for permanent waving of hair. But if they had—even if Doctor Evans had suggested that to me, he did not get to the heart of the teaching, because *the mere fact of the suggestion of the thing isn't the teaching that is required* in order to tell you what to do with it under all conditions of hair, under all conditions of permanent waving systems, and this is what I did here. * * * " (Emphasis supplied.)

It is clearly and conclusively evident, from McDonough's own testimony and from the admissions of plaintiff's attorney, that the 323 invention resides in the *limitations* or *proportions* of the ingredients of the thioglycolic acid—ammonia composition.

d. The Court of Appeals correctly held that petitioner virtually disavowed invention in 323.*

Petitioner (p. 23) takes issue with the finding of the Court of Appeals that invention in 323 "is virtually disavowed". But this finding is fully supported by the record.

As petitioner's patentee McDonough testified and as petitioner's attorney Finnegan conceded (this brief, pp. 22-24), the heart of the 323 invention resides in the "limitations" (proportions or percentages) in which thioglycolic acid is combined with ammonia and water. This is clearly summarized in the following colloquy between

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* This subject is also discussed in the Answer to the Second Question, Section "b" and in the Answer to the Third Question, Section "b".

Court and counsel as quoted in the opinion of the Court of Appeals (16a):

> "The Court: So what it all adds up to is that with the three things that you put together to make the permanent wave solution—thioglycolic acid, ammonia and water—that it is the percentage, the quantitative grouping of these three that makes the patent.
>
> "Mr. Finnegan: That is right. The combination of certain percentages, certain pH gives the unique material."

But these limitations or percentages were admittedly determined by trial and error. As McDonough's employer Evans testified (Appendix to Appellant's Brief, p. 196a), McDonough determined "by trial and error the range of his right pH" and "which concentration would work the best".

Moreover, these limitations or percentages are admittedly not critical, are admittedly "intermediate, practical values". As stated by petitioner and quoted by the Court of Appeals (17a):

> "Plaintiff does not claim criticality in the technical patent sense for these intermediate, *practical* values." (Accent in original.)

These admissions (that the 323 invention resides in non-critical, intermediate, practical limitations determined by trial and error) amount to a virtual disavowal of invention.

> *Dow Chemical Co.* v. *Halliburton Oil Well Cementing Co.*, 324 U. S. 320, 329, 65 S. Ct. 647 (1945);
> *Kwik Set* v. *Welch Grape Juice Co.*, 86 F. 2d 945, 947 (2 Cir. 1936);

Libbey-Owens-Ford Glass Co. v. *Celanese Corporation,* 135 F. 2d 138, 145 (6 Cir.), cert. den. 320 U. S. 744, 64 S. Ct. 46;
Potts v. *Coe,* 145 F. 2d 27 (D. C. Cir.);
Helene Curtis v. *Sales Affiliates,* 233 F. 2d 148, 154 (2 Cir. 1956) cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260;
Helene Curtis v. *Sales Affiliates,* 161 F. S. 345, 349 (D. C. N. Y. 1958), appeal dismissed.

This is not the first time petitioner has sought certiorari on its interpretation of the rule of criticality. In *Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148 (2 Cir. 1956), cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260 (Petition for Certiorari, pp. 31-38), petitioner challenged the validity of the criticality rule set forth in *Kwik Set* v. *Welch Grape Juice Co.,* 86 F. 2d 945, 947 (2 Cir. 1936) and followed in the *Helene Curtis* case. This Court denied certiorari.

Second Question Presented

("Departure from accepted course of judicial proceedings: disregarding petitioner's briefs and arguments.")

a. "Has the Court of Appeals so utterly misapprehended the plain statement of Tidewater's position on appeal (the 323 invention is the discovery of a new composition of matter and a new use of that composition)

b. "that it has effectively deprived Petitioner of the elementary right of a day in court on an appeal

c. "by crucial determinations of fact and law, made on the erroneous premise that Tidewater changed its position on appeal?"

Answer to Second Question

a. The Court of Appeals did not misapprehend petitioner's position on appeal.

It is stated in the petition (p. 26) that:

> "The Court of Appeals held that petitioner's position on *appeal* was that the 323 invention was a criticality invention and not a new composition of matter. This utter misapprehension and misstatement of petitioner's actual position on the appeal is inexplicable on any ground other than prejudicial refusal to consider petitioner's rights on the merits." (Petitioner's emphasis.)

The Court of Appeals did not misapprehend or misstate petitioner's position on appeal. Petitioner did in fact, *on the appeal,* claim criticality for its 323 composition of matter. This is shown, for example, in Plaintiff-Appellee's Brief (p. 24) where petitioner stated its position on criticality as follows:

> "*Defendants contend* (D. Br. 20-24) that the 323 claims in suit were granted in the Patent Office only because plaintiff asserted that the claims specify critical limits; that this representation or position was abandoned in the District Court; and *that the limits in the claims are in fact not critical* and therefore the claims are invalid. *Defendants are wrong* on all counts." (Emphasis supplied.)

Is this not the clearest indication that petitioner's position on appeal was that the limits in the 323 claims are in fact critical?

In the same appeal brief (p. 28) petitioner cited the testimony of its expert witness as

> "evidence supporting the District Judge's finding that 'the 323 invention may * * * be based on the ground of "criticality" alone.' "

Again in the same appeal brief (p. 28) petitioner summarized its criticality position on appeal by asserting that:

> "Thus, whether the claims be considered as falling within 'critical' limits in the sense of *Kwik Set* v. *Welch* * * * or whether they recite new methods and new compositions * * * the claims are patentable."

In Plaintiff-Appellee's Rebuttal Brief (pp. 40, 41) petitioner confirmed this position on appeal as follows:

> "Thus, defendants' experts have themselves established the 323 patent as a criticality invention under the controlling principles of law.
>
> * * *
>
> "Thus, even as a 'criticality' invention, the 323 patent is valid * * *."

b. The Court of Appeals correctly held that petitioner's reliance on "criticality" on the appeal was a reversal of its position in the District Court.*

It is asserted in the Second Question Presented (p. 3) that the Court of Appeals made

> "crucial determinations of fact and law * * * on the erroneous premise that Tidewater changed its position on appeal".

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* This subject is also discussed in the Answer to the First Question, Section "d" and in the Answer to the Third Question, Section "b".

But Tidewater did change its position on appeal and the Court of Appeals did not err in its finding, confirmed on rehearing (19a) that

> "in the District Court Tidewater did disavow criticality as an invention of 323 but claimed it on appeal."

In support of its finding that petitioner disavowed criticality in the District Court, the Court of Appeals quoted from petitioner's District Court brief before the Master as follows (16a):

> "Since 323 is not a criticality invention, the 710 discussion of 'disclosure' of criticality is irrelevant."
>
> • • •
>
> "323 *does not posit invention on criticality.*" (Accent in original.)

The Court of Appeals also quoted petitioner's answer to the following question posed by respondents in their Memorandum in Lieu of Further Oral Argument on the Objections to the Master's Report:

> "QUESTION 5: Is it not true * * * that by admission of plaintiff's own witnesses there is no criticality in the following pH and concentration values recited in the 323 claims: pH values of 'about 9.2' and 'not higher than 9.5'; concentration values of 'about 2%', 'about 6%' and 'about 10%'?"

Petitioner's response to this question, as quoted by the Court of Appeals (17a) was that

> "Plaintiff does not claim criticality in the technical patent sense for these intermediate, *practical* values." (Accent in original.)

The significant aspect of the foregoing question and answer is that, with one exception (pH 7), they cover every pH and concentration value in the six claims in suit. Thus:

Claims	*pH*	*Concentration*
1	"about 9.2"	"about 2% to 10%"
13	"about 9.2"	"about 2% to about 6%"
14	"about 9.2"	"about 2% to about 10%"
17	"about 9.2 to not higher than 9.5"	"about 2% to about 6%"
18	"between 7 and 9.5"	"about 2% to about 10%"
22	"about 9.2"	"about 2% to 10%"

It thus appears from the answer to Question 5 (as quoted by the Court of Appeals) that in the District Court petitioner expressly disavowed criticality for every pH and concentration value in the 323 claims in suit, with the single exception of pH 7 in claim 18.

But even pH 7 admittedly lacks criticality. This appears from Plaintiff's Comments on Defendant Reply Brief (p. 42):

> "Defendants assert that pH 7 is not critical because satisfactory waving is possible below pH 7.
>
> "[Petitioner's] Comment: [Petitioner's witness] showed that there is no marked effect or change in phenomena below pH 7 • • •."

If there still remains any lingering doubt as to petitioner's position on criticality in the District Court, the following comment in Plaintiff's Comments on Defendants' Reply Brief (pp. 41-42) should dispel any such doubt:

"Defendants' quotation is said to support the assertion that 'plaintiff's position at the trial was predicated on criticality'.

"[Petitioner's] Comment: *This untenable position has already been fully covered* * * *. Criticality is only the last string to plaintiff's bow herein." (Emphasis supplied.)

It follows conclusively from the foregoing, that the Court of Appeals was fully justified in finding that petitioner did in fact disavow criticality in the District Court, and did in fact change its position on appeal.

Third Question Presented

("Departure from accepted course of judicial proceedings: incapacitating confusion.")

a. "Do the opinions of the Court of Appeals, originally and on petition for rehearing, manifest blind adoption of the decisions of the Second Circuit

b. "(in which petitioner was neither a party nor privy to a party therein)

c. "without regard to the wholly different record in the case at bar,

d. "lack of knowledge of the record below,

e. "and such basic misunderstanding of facts and principles of law applicable thereto,

f. "that any decision so grossly infected must inherently be so great a departure from the accepted and usual course of judicial proceedings as to call for an exercise of this court's power of supervision?"

Answer to Third Question

a. The opinions of the Court of Appeals in the case at bar do not "manifest blind adoption of the decisions of the Second Circuit".

Petitioner's discussion of the Third Question (pp. 27-32) contains not a single word of reference to, or support of, the suggestion (p. 3) that:

> "• • • the opinions of the Court of Appeals, originally and on petition for rehearing, manifest blind adoption of the decisions of the Second Circuit • • • without regard to the wholly different record in the case at bar • • •."

The independence and integrity of the United States Court of Appeals for the Fourth Circuit (three judges on the original hearing, p. 2a, all seven on the rehearing, p. 1a) are beyond the reach of petitioner's accusations and need no defense by respondents.

Nevertheless, we would be remiss in our plain duty to present a full and complete response to the Petition for Certiorari if we should fail to point out:

1. That the Court's detailed, technical discussion of double patenting (pp. 6a-14a) has no parallel in the New York decisions and includes a penetrating claim analysis which is unprecedented in its manifestation of profound knowledge of organic chemistry; and

2. That the Court's discussion of invention and criticality (pp. 14a-17a) is based entirely on admissions and representations made by petitioner and counsel for petitioner in the case at bar, and this alone would utterly preclude reliance on the decisions of another circuit in another case.

b. Petitioner's charge of "Incapacitating Confusion" on the part of the Court of Appeals is without foundation in the record.

Petitioner represents to this Court (p. 27) that:

> "The opinion of the Court of Appeals manifests such lack of minimal understanding that the decision, the product of complete confusion, is necessarily a complete denial of due process to petitioner. In effect, petitioner has had no day in court."

First Example

Let us now examine the specific grounds which petitioner advances in support of its charge of "incapacitating confusion". One example (p. 27)

> "* * * is the utter misapprehension of the Court of Appeals of the significance of ammonia when it states that: '[A]mmonia in solution is a common base.' Ammonia itself is certainly a common chemical, but McDonough was the first to put the entire composition together; * * * it was not obvious to a person of ordinary skill in the art at the date of the invention to put together a water solution of T-acid and ammonia for hair waving."

Petitioner's truncated quotation from the decision of the Court of Appeals does the Court an injustice. What the Court really said (p. 15a) was:

> "The ammonium hydroxide, ammonia gas dissolved in water, is primarily employed in the [323] waving process to adjust the pH of the T-acid. It is utilized to control the pH of the solution by achieving the proper degree of alkalinity. *Ammonia in*

> *solution is a common base and its instant use was described in the Maeder British patent,* No. 435,213, of September 17, 1935. This was the observation of the Patent Office Examiner in his report on 323, mailed to counsel April 18, 1950." (Emphasis supplied.)

Three months prior to McDonough's effective invention date *(June 16, 1941)** Martin (DX-4, Defendant's Appendix, p. 121a) taught the combination of thioglycolic acid and ammonia for hair waving. This was admitted by petitioner's expert Patrick (Defendant's Appendix, p. 182a) who testified as follows:

> "A. [Petitioner's witness Patrick] Does he [Martin] state that the composition is *thioglycolic acid and ammonia?* Oh, yes." (Emphasis supplied.)

The fact is that on *March 10, 1941* Martin actually demonstrated his thioglycolic acid-ammonia cold wave to McDonough's employer Evans who thereupon recorded the fact in a memorandum (DX-3; Defendants' Appendix, p. 45a):

> "Mr. Martin used what our noses tell us was a solution of *ammonium thioglycolate* [thioglycolic acid-ammonia]." (Emphasis supplied.)

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* This effective date of invention was established in the Second Circuit in the *Helene Curtis Industries* v. *Sales Affiliates* litigation (233 F. 2d 148 and 161 F. S. 345) and in the Fourth Circuit in *Tidewater Patent Development Co.* v. *Gillette Company,* 273 F. 2d 936, 940. It is true that McDonough was awarded priority over Martin in the latter case, but this was because Martin evidenced "little conception of the importance of the pH rating at the time of his application for the patent."

Second Example

Another example of the "incapacitating confusion" of the Court of Appeals is recited as follows (p. 28):

> "Still a further instance of the confusion of the Court of Appeals is its declaration that in the District Court petitioner had 'disavowed' criticality* (Appendix, pp. 16a-17a). The very sentence quoted by the Court of Appeals from petitioner's brief in the District Court (Appendix, p. 17a) reads that 'criticality . . . [is] irrelevant . . . *except* as a *fifth string* to its bow.' Criticality was not 'disavowed' in the District Court; it was relegated to a 'fifth string' position."

The Court of Appeals was absolutely right in holding in its original opinion (p. 16a) that:

> "• • • in the District Court, *Tidewater disavowed criticality* as the invention of 323" (the Court's emphasis)

and then confirming that view on rehearing (p. 19a) by asserting that:

> "• • • despite the protest of the petition [for rehearing] we adhere to our view that in the District Court Tidewater did disavow criticality as an invention of 323 but claimed it on appeal."

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* Petitioner also raises this issue of disavowal of criticality in connection with the First and Second Questions, and the Court is respectfully referred to our discussion thereof in the Answer to the First Question, Section "d" and in the Answer to the Second Question, Section "b".

The proof is in petitioner's own Rebuttal Brief before the Court of Appeals where it stated its position (p. 38) as follows:

> "Plaintiff argued 323 below both ways: that 323 *was* a criticality invention and that 323 was *not* a criticality invention and asserted patentability in *either* event." (Petitioner's emphasis.)

But petitioner cannot assert these two inconsistent positions any more than it can at one and the same time assert that 323 possesses novelty and lacks novelty, possesses utility and lacks utility.

To be valid, 323 must possess criticality, and petitioner's admission that it does not is a concession of invalidity. Petitioner cannot in the same breath claim criticality—even as a "fifth string to its bow"—and thereby retrieve validity. *Dow Chemical Co.* v. *Halliburton Oil Well Cementing Co.*, 324 U. S. 320, 329, 65 S. Ct. 647, 651 (1945).

Further proof that the Court of Appeals was right in holding that petitioner disavowed criticality may be found in the Fourth Question presented in the instant Petition for Certiorari (p. 32) where even now petitioner seeks to disavow the criticality on which the Patent Office issued 323. Petitioner's position is that it is not estopped from making this disavowal.

Third Example

As a third example of the "incapacitating confusion" of the Court of Appeals (pp. 29-30) petitioner claims that:

> "The Court of Appeals erroneously held, as a matter of law, on the basis of no evidence, that '*this* . . . criticality was exclusively and successfully urged

> upon the patent office as the inventiveness in 323' (Appendix, p. 16a) and '[*this* criticality] was the ground on which Tidewater won *the interference proceeding in this Court* according to Judge Soper's opinion in *Tidewater* v. *Gillette* . . . 273 F. 2d 936, 940. There the Judge noted that 'the pH rating . . . is confessedly the heart of the patent!' (accent added). Nothing in the record supports that interpretation and the facts are to the contrary."

Two Circuits have now held that criticality was the ground on which McDonough sought, and the Patent Office granted, the 323 patent.* Petitioner's argument to the contrary is utterly without foundation, either in fact or in law.

Petitioner also disputes this Court's interpretation of *Tidewater* v. *Gillette*, but should it not be assumed that the Court of Appeals is qualified to interpret its own decisions?

Fourth Question Presented
("Invention Estoppel")

a. "If the claims of a patent objectively satisfy the requirements of the Patent Act for patentability,

b. "that is, if the invention is in fact novel, useful and not obvious from the prior art and is, indeed, truly an invention,

c. "but the Patent Office or another Court subjectively asserted an erroneous or unpatentable theory of invention,

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* The Court is respectfully referred to the discussion of this subject in the Answer to the Fourth Question, Section "b".

d. "is the patentee thereafter estopped in subsequent validity litigation from asserting the true invention which the patent actually discloses and actually claims

e. "and which the District Court held to be the invention

f. "and which is validly patentable?"

Answer to Fourth Question

a. The 323 invention is neither novel nor patentable over the prior art.

Petitioner asserts (p. 33) that

> "The invention is in fact novel, useful and not obvious from the prior art."

Petitioner errs. Two circuits have held *June 16, 1941* to be the effective date of invention of both 710 and 323. *Tidewater Patent Development Co.* v. *Gillette Company,* 273 F. 2d 936, 940 (4 Cir. 1960); *Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148, 155 (2 Cir. 1956); *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 (D. C. N. Y. 1958).

Half a year prior to the 710 and 323 invention date of *June 16, 1941,* to wit on *January 2, 1941,* Grant filed a patent application (DX-6; Defendants' Appendix, p. 124a) which taught the entire invention of 710 and 323 and far more. It was Grant—not McDonough—who on *January 2, 1941* taught and recommended thioglycolic acid for permanent waving. It was McDonough—not Grant—who, half a year later, on *June 16, 1941,* characterized thioglycolic acid as the "least effective" mercaptan (710 patent, col.

5, ll. 35-38; Defendants' Appendix p. 33a) and on April *21, 1942* refused to elect it for claiming in 710, and then delayed until *August 13, 1949* to claim it in 323.

Regarding pH we have the admission of petitioner's expert witness Patrick (Defendants' Appendix, p. 181a) that:

> "• • • Mr. Grant is quite correct here when he said we must regulate the hydrogen ion concentration to condition the hair in the well-known manner. That is equivalent to what I have been saying that there is a certain optimum hydrogen ion concentration in order to condition the hair; and secondly, the regulation of the pH is to control the hydrogen ion concentration of the solution."

Regarding concentration, we have McDonough's own admission of substantial identity (Defendants' Appendix, p. 180a):

> "Q. [Respondents' attorney Stoll] • • • Doesn't the concentration in your [thioglycolic acid] example correspond substantially to the concentration of thioglycolic acid in the Grant example on page 15? A. [Petitioner's patentee McDonough] • • • I would think that it is substantially, that it is substantially so, yes, sir."

The District Court did not question these disclosures of Grant, but it excluded them as prior art or skill of the art solely on the ground of "abandonment" (p. 32a):

> "Samuel Grant's application while filed January 2, 1941, was abandoned in 1947; hence, that application could be used neither as prior art nor proof of prior invention."

The District Court erred: *Hazeltine Research* v. *Brenner*, 382 U. S. 252, 86 S. Ct. 335 (1965); *Alexander Milburn Co.* v. *Davis-Bournonville Co.*, 270 U. S. 390, 46 S. Ct. 324 (1926).

Grant is but a small part of the prior and contemporaneous art which alone anticipated 323 and showed it to be entirely obvious and fully within the skill of the art. Except for a brief reference to the British Maeder patent (p. 15a) the Court of Appeals in the present case did not deem it necessary to discuss or rely upon the prior or contemporaneous art in support of its decision.

Substantially the same art was presented to the New York Courts in *Helene Curtis Industries* v. *Sales Affiliates* (233 F. 2d 148 and 161 F. S. 345) and reference may be made to these decisions for a discussion of the applicability of the art to 710 and 323 alike. As held by the Court of Appeals in the case at bar (p. 18a) the invalidity of these patents was "conclusively demonstrated by the Federal courts in New York".

b. It was not the Patent Office, but rather the patenteee, who asserted an unpatentable invention for 323.

Petitioner's position is that (p. 3):

> "* * * if the invention [of 323] is in fact novel, useful and not obvious from the prior art * * *, but the Patent Office or another Court subjectively asserted an erroneous or unpatentable theory of invention, is the patentee thereafter estopped in subsequent validity litigation from asserting the true invention * * *?"

(p. 32):

> "Since the invention is a new composition of matter and new use of that composition, is it any the less a new composition if the Patent Office errone-

> ously understood that novelty of the whole was imparted by the novelty of one particular element of the composition, pH * * * ?"

Black is white and white is black. The 323 invention is *not* a new composition of matter, it is *not* novel, and it *is* obvious from the prior and contemporaneous art in the record. It was not the Patent Office (or "another court") but the patentee McDonough himself, who, for the purpose of effecting issuance of the 323 patent "asserted an erroneous or unpatentable theory of invention", and it is therefore the patentee McDonough who is now estopped from asserting a new and different theory of invention for the purpose of litigation.

Judge Rifkind (the Special Master in the *Helene Curtis Industries* v. *Sales Affiliates,* 710 and 323 cases) dealt with this estoppel issue (and his views were adopted by the District Court at 161 F. S. 345) as follows (DX-44 in the case at bar, Defendants' Appendix, pp. 66a-70a):

> "Thus, the defendant now insists that in 323 the issue of patentable invention does not depend on the criticality of pH, mercaptan concentration, base or molecular weight as was the case in 710. Instead, it is said that the claims are simply directed to new and useful compositions of matter for permanent waving which are patentable regardless of 'criticality' * * *.
>
> * * *
>
> "* * * Nevertheless, that is not the basis upon which the patent issued. For, before the Patent Office, the defendant had an entirely different conception of invention for 323. * * * Sales Affiliates stated its position as to patentability of 323 as follows:
>
> "'Our basic position here is that the invention of the present case constituted the discovery of

four things which, combined together, give a waving solution which is better than anything in the prior art as a matter of kind rather than of degree. * * *

" '(1) a highly critical and restrictive pH range;

(2) a critical and relatively very low mercaptan concentration range;

(3) bases of certain critical and highly important characteristics; and

(4) a specific type of mercaptan [e.g., thioglycolic acid].'

* * *

"In other words, in order to avoid Speakman before the Patent Office, the defendant in 323, as it did in 710, placed its reliance upon a criticality invention, and not merely the invention of a new and useful composition of matter. * * * surely it is the unavoidable conclusion of the following statements made by the defendant in the same response:

* * *

" '*In effect applicant's discovery of this critical range of the pH control for mercaptans is a basic ground for allowing patent claims thereon. The law is quite uniform in supporting the contention that the discovery of the critical range over other ranges or within a broad range is clearly patentable.*' (Emphasis added [by Judge Rifkind].)

* * *

" * * * Having sought issuance of the patent on the ground of a 'criticality' invention, the defendant cannot change horses in midstream. It will not do to urge, as the defendant does, that the patent might

have been issued by the Patent Office on some other ground; such a contention is not only unsound in law, but in fact as well. For in the decision of the Board of Patent Interferences, which awarded priority of invention to McDonough over Martin, the Board clearly relied upon the 'criticality' concept of invention to sustain McDonough's claim of priority. Thus, the Board said:

> "'No one reading the said Martin specification, not even one skilled in the art, would, in our opinion, validly obtain any impression that a pH between 7 and 9.5 in relation to the required ingredients, *the very heart of the invention,* was an agency in his process. * * * Consciousness of *this critical central concept and main guiding factor upon which patentability depended* and a clear teaching thereof is a minimum consideration for finding supporting disclosure for the counts.' (Emphasis added [by Judge Rifkind].)"

Fifth Question Presented

("Double Patenting")

a. "Is the patentability of 323

b. "for the discovery of a new composition of matter consisting of an aqueous solution of T-acid and ammonia (at stated pH and concentration ranges) and a new use of that composition,

c. "which is unique as a species with properties that are *sui generis,*

d. "separate and distinct from the claimed patentability of 710

e. "for the discovery that special laws and criteria govern mercaptans in hair waving making them under those special laws and criteria different in kind from all mercaptan hair waving compositions outside the special laws and criteria?"

Answer to Fifth Question

a. The invention of 323 is entirely encompassed within 710.

Petitioner asserts (p. 35) that:

> "The inventions of 710 and 323 are entirely distinct and separable."

The record is entirely to the contrary, as witness the following concession in petitioner's "Response to Defendants' Memorandum in Lieu of Further Oral Argument on the Objections to the Master's Report" (p. 31):

> "It is true that *the same thioglycolic acid examples appear in both patents,* but this is saying nothing more than *the 710 patent discloses the 323 invention,* which confessedly it does." (Emphasis supplied.)

Petitioner seeks to distinguish the two patents by characterizing 710 as an invention of "special laws" and 323 as an invention of a hair waving solution (p. 34):

> "Undeniably, 710 was litigated and held invalid in the Second Circuit as an invention asserting the discovery of special laws of pH, special laws of concentration, special laws of molecular weight and special laws of bases. The 'core of the 710 invention

> was the discovery of special laws; the core [of the 323 invention] is the use of thioglycolic acid and ammonia in a solution of stated concentrations.' "

The admitted fact, however, is that 710 also covers a hair waving solution. This appears from the following colloquy between Court and counsel in the 710 case in New York (*Helene Curtis Industries* v. *Sales Affiliates*, 233 F. 2d 148, 2 Cir. 1956) as quoted in the record of the present case (Tr. 1005):

> "The Court [Judge Kaufman]: What is the claimed invention [of 710]?
>
> "Mr. Finnegan: • • • the claimed invention, to put it very simply, is a solution for waving hair which constitutes a certain type of mercaptan within the pH range from 7 to not higher than 9.5. That is the claimed invention."

The so-called "special laws of pH, special laws of concentration," etc. of 710 are nothing more than the pH and concentration values or proportions which appear identically in the two patents. This was admitted by petitioner's own patentee McDonough (Tr. 1174):

> "Q. [Mr. Stoll] • • • Did you testify in this last answer that all of these values, *the range of pH, the range of concentration,* the dissociation constant, the various alkaline materials, the various mercaptans, that *all of this is taught in 710 and in 323* and as to these things and all of the other values that you may have mentioned in this last answer, *the teaching is the same in both patents,* is that your testimony? A. [Dr. McDonough] That is right." (Emphasis supplied.)

The Court of Appeals was fully justified in holding (p. 9a) that:

> "No one cognizant of the art can read the two patents without immediate recognition of the identity. The specifications in each are frequently parallel. The pH ranges are the same, as are the concentration ranges."

b. 710 and 323 claim the same thioglycolic acid-ammonia composition of matter.

Petitioner asserts (p. 35) that:

> "710 does *not* claim a composition of matter, 323 *does* claim a composition of matter." (Petitioner's emphasis.)

This representation that "710 does *not* claim a composition of matter" directly contradicts petitioner's representation in its Petition for Certiorari in the 710 case (*Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148, 2 Cir. 1956, cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260) that (p. 6):

> "The invention of the [710] patent is directed to *new compositions of matter* in the old art of permanent waving of human hair * * *." (Emphasis supplied.)

(p. 42):

> "These typical limitations of the patents [including 710, claim 2] are binding on the patentee *as a matter of claim scope.* They define the type of *composition* which can be infringed. They limit the relations of pH and concentration within those *compositions.* They confine any enforcement of the

> patent in suit to *permanent waving compositions* * * *." (Emphasis supplied.)

Entirely contrary to petitioner's present position (that "710 does *not* claim a composition of matter") is the record in all of the 710 and 323 litigation that preceded the filing of the instant Petition for Certiorari. Thus, in the very proceeding which gave birth to 710 (the R. S. 4915 suit entitled *Sales Affilates and Procter & Gamble Company* v. *John A. Marzall, Commissioner of Patents,* D. C. D. C., Civil Action No. 4658-49), the Court made the following finding of fact (PX-44 in the present case, Appellee's Appendix, p. 76a):

> "28. * * * *New compositions of matter* and improved results in the methods of using such compositions *are disclosed and claimed.*" (Emphasis supplied.)

Not only do the 710 claims cover a composition of matter, but they actually cover the thioglycolic acid composition of matter of 323. This appears from the testimony and the briefs. Thus (Tr. 163):

> "Q. [Petitioner's attorney Finnegan] and is it correct * * * that * * * *T. acid is one compound* appearing * * * in the [710] claims we just spoke of? A. [Petitioner's patentee McDonough] That's right. (Emphasis supplied.)

In Plaintiff-Appellee's Rebuttal Brief (p. 27) it is stated that:

> "Actually the invention protected by the claims of *the 710 patent relates to compositions* composed of hundreds of alkaline materials (*of which*

ammonia is only *one*) and hundreds of mercaptans (*of which thioglycolic acid is* only *one*)." (Emphasis supplied.)

This is the clearest concession that the 710 claims cover compositions of matter which include the thioglycolic acid and ammonia compositions of 323. Not only do the 710 claims encompass the thioglycolic acid-ammonia compositions of 323, but they also encompass the pH and concentration limitations of 323. Compare 710 claim 1 with 323 claim 18 as set forth in the opinion of the Court of Appeals (pp. 6a, 7a):

	710 claim 1	323 claim 18
pH	"higher than pH 7 and not higher than pH 9.5"	"pH between 7 and 9.5"
concentration	"between about 1% and about 10%"	"about 2% to 10%"

The Court of Appeals was obviously fully justified in its conclusions (p. 9a):

> "Tidewater concedes that the invention claimed in 323 was disclosed in 710, but it denies that any claims therefore were asserted in 710. This denial we think is untenable. • • •
>
> " • • • While 710 does not favor the use of T-acid, it certainly claims its use generally. The coincidence of the claims of 710 and those of 323 clearly appears in the Claims 1-4, 6-7, 13-14, and 17-18, of 710, • • • for *T-acid fits into the prescription of each of them.*" (Emphasis supplied.)

c. 323 cannot be used without infringing 710.

In "Defendants' Objections to the Master's Report" (p. 445) it was stated that "323 cannot be used without infring-

ing 710". Petitioner's Reply (p. 118) conceded that "This statement of the defendants is absolutely true".

The fact is that both 710 and 323 have been successively asserted against the same thioglycolic acid-ammonia cold waves. *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 945 (2 Cir. 1957).

The fact further is that petitioner acquired 710 to protect its 323 licensees against claims of infringement of 710. This appears from the following testimony of petitioner's president Kinney (214a-215a):

> "Q. [Respondents' Attorney Spindle] Why did you acquire it [710]? A. [Mr. Kinney] For the reason that you have brought up in your questioning. In a discussion with possible licensees the first thing that comes up is what protection would we have against 710 outside—liability under 710—and it occurred to me that the way to overcome that would be to own 710."

Conversely, the thioglycolic acid-ammonia cold waves of 710 cannot be used without infringement of 323 since precisely the same thioglycolic acid-ammonia cold waves are covered by the claims of both patents. In short, the thioglycolic acid-ammonia cold waves of 710 infringe the claims of 323 just as the thioglycolic acid-ammonia cold waves of 323 infringe the claims of 710.

This is conceded, in effect, by the petitioner, in the following excerpts from "Plaintiff's Comments on Defendants' Reply Brief" before the District Court (p. 47):

> "(a) Defendants basically assert that there is double patenting since claims of each patent would be infringed by the same product.
>
> • • •

> "Comment: (a) The test of double patenting is not whether the claims of both patents would be infringed by the same product. * * * "

The fact—that the same product would infringe the claims of both patents—is admitted; only the conclusion —that this constitutes double patenting—is denied. Petitioner cites no authority in support of its position. However this Court and the several circuits are agreed that double patenting is established.

> *Miller* v. *Eagle Mfg. Co.*, 151 U. S. 186, 198, 200 (1894);
> *Helene Curtis Industries* v. *Sales Affiliates*, 233 F. 2d 148, 159 (2 Cir. 1956);
> *Plax Corp.* v. *Precision Extruders*, 239 F. 2d 792, 796 (3 Cir. 1957);
> *S. H. Kress & Co.* v. *Aghnides*, 246 F. 2d 718, 726 (4 Cir. 1957);
> *Hutchens* v. *Faas*, 249 F. 2d 465, 467 (9 Cir. 1957).

The Court of Appeals was fully justified in finding in the case at bar (p. 10a), although its conclusion was modified on rehearing (p. 21a), that:

> "Proof of double patenting is found in the concession of Tidewater that any product made under 323 would infringe 710. This concession appears explicitly at page 14 in Tidewater's response to appellant Kitchen's exceptions to the master's report. It is implicit in the testimony of Tidewater's president to the effect that his company acquired 710 to assure protection of its 323 licensees against accusations of infringement of 710. True, 710 may be pursued without infringing 323. This is so, however, only in reference to those claims of 710 not copied in 323."

Sixth Question Presented
("Double Patenting")

a. "Since 710, the first issued patent, was held invalid in the Second Circuit

b. "and is conceded to be invalid in this litigation by petitioner, the patent owner,

c. "can 323 be held void as a double patent of 710?"

Answer to Sixth Question

a. This question of "double patenting" over an invalid patent was not raised before the Court of Appeals (although previously raised before the District Court) and was therefore waived.

Rule 10(8) of the Rules of the Court of Appeals for the Fourth Circuit provides that:

> "Points not argued in the briefs will be deemed abandoned * * *."

This rule was applied in *Marvel Specialty Co.* v. *Bell Hosiery Mills,* 330 F. 2d 164, 169 (4 Cir. 1964), cert. den. 379 U. S. 899, 85 S. Ct. 187.

Petitioner did not argue the "double patenting" point (raised in the Sixth Question) in the briefs submitted to the Court of Appeals, nor did petitioner otherwise argue or raise the point. Respondents had no opportunity to respond to it; the Court of Appeals had no occasion to consider or decide it. It was accordingly abandoned.

b. This question of "double patenting" over an invalid patent was not raised before the Court of Appeals and therefore may not be raised here.

As stated in *Ellis* v. *Dixon*, 349 U. S. 458, 460, 75 S. Ct. 850, 852 (1955), "The question * * * was not raised below, and hence is not open here". *U. S.* v. *Arnold, Schwinn & Co.*, —— U. S. ——, 87 S. Ct. 1856, 1863 n. 5 (June 12, 1967).

c. Petitioner's concession of invalidity of 710 is made now for the first time.

For the purposes of the "double patenting" question which is herein raised, petitioner, for the first time in this litigation, concedes invalidity of 710 (p. 36):

> "Respondents concede the invalidity of 710, as do petitioners."

The representation that "Respondents concede the invalidity of 710" is quite gratuitous since validity or invalidity of 710 has never been an issue in this case and respondents have never had occasion to make any concession of invalidity of this patent.

Nor has petitioner heretofore made any such concession. When petitioner raised the same "double patenting" question in the District Court, petitioner did so on the basis of a hypothetical assumption of invalidity (Plaintiff's Answering Brief, p. 93):

> "*For the sake of argument, assume* that the generic inventions claimed in 710 were invalid (2nd Circuit Court of Appeals has so held) in which case the 710 patent would be void *ad initio*, and there would be no monopoly granted by the 710 patent. Hence, double patenting would be impossible * * * ." (Emphasis supplied.)

At the trial, in response to an inquiry from the Bench, counsel for petitioner made the following statement (Tr. 186):

> "Mr. Finnegan: * * * there is no infringement suit by Tidewater invoking these [710 and 323] patents against anybody in the country anywhere *at this time except right here.*" (Emphasis supplied.)

This statement falls far short of a concession of invalidity or assurance that no suit would ever in the future be instituted against the present respondents or others for infringement of 710.

Indeed, petitioner acquired 710 for the stated purpose of protecting 323 licensees against suit under 710 (Appendix to Appellants' Brief, pp. 214a-215a):

> "Q. [By Respondents' Attorney Spindle] Why did you acquire it [710]? A. [By Petitioner's President Kinney] For the reason that you have brought up in your questioning. In a discussion with possible licensees the first thing that comes up is what protection would we have against 710 outside—liability under 710—and it occurred to me that the way to overcome that would be to own 710."

d. Petitioner's concession of invalidity of 710 fails to meet the requirements of the patent statute.

Petitioner's concession is a rather private affair, made known only to those who may read the instant Petition for Certiorari. But what of the public generally, the affected industry in particular, how are they made aware of petitioner's concession of inbalidity of 710?

And what is the legal effect of such concession? Does the concession invalidate 710 and put it in the public domain? Are future infringement suits barred? What is to preclude petitioner from reconsidering and retracting

the concession, or assigning the patent to one who would not honor the concession?

The patent statute contains a disclaimer section (35 U. S. C. 253) which provides for the disclaimer of invalid claims or the patent term or any terminal part thereof. This section reads in part as follows:

> "• • • A patentee • • • may • • • make disclaimer of any complete claim • • •. Such disclaimer shall be in writing and recorded in the Patent Office • • •.
>
> "In like manner any patentee • • • may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted • • •."

There is no indication in the record that petitioner has complied with this disclaimer statute. Absent such compliance, petitioner's concession of invalidity of 710 can have no legal effect on the "double patenting" question presented in the Petition for Certiorari.

e. Invalidity of 710 does not validate 323.

Petitioner's position is stated (p. 37) as follows:

> "In *H. C. White Co.* v. *Morton E. Converse & Son Co.*, 20 F. 2d 311, 313 (2 Cir. 1927), the Court of Appeals for the Second Circuit held that the invalidation of a prior patent destroys the defense of double patenting asserted against a subsequently issued patent for the same invention. This decision of the Second Circuit is in conflict with the decision of the Court of Appeals for the Fourth Circuit in the instant case holding 323 void for double patenting of the invention of the invalid 710 patent."

Petitioner overlooks the principal vices of double patenting as set forth in the opinion of the Court of Appeals in the present case (p. 14a):

> "* * * the six claims here of 323 are invalid as double patenting by their duplication of 710. Miller v. Eagle Mfg. Co., 151 U. S. 186 (1894). The injury resulting is at once evident. Apart from subjecting the appellant-defendants to the damages ordered assessed, *such repetitive patenting would extend the effectiveness of 710 from its expiry in December 1968 to 323's terminal date of February 1973.* At the same time it would expose the public to double threat and hazard." (Emphasis supplied.)

Whether 710 is valid or invalid, 323 is a "duplication of 710" extending the patent monopoly to February 1973, four years beyond the 710 expiration date. Regardless, therefore, of the validity or invalidity of 710, 323 is invalid on the ground of double patenting.

Petitioner's position is untenable for another reason. Petitioner contends that its concession of invalidity of 710 destroys the defense of double patenting. But that concession was made upon the filing of the instant Petition for Certiorari. The day before, double patenting was a defense. And since 323 was invalid for double patenting prior to the concession of invalidity of 710, how could such concession validate an invalid patent?

Petitioner professes to find a conflict between the Second and Fourth Circuits on the double patenting issue under discussion. The contrary is the case since both circuits have now held 323 invalid over 710. Indeed, one of petitioner's major bones of contention with the Court of

Appeals in the present proceeding is directed to its statement (p. 37) that:

> "When it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York." (Original accent.)

One of petitioner's juicier comments on this statement by the Court of Appeals is the following (p. 42):

> "The conclusive weight given to the New York decisions by the Court of Appeals for the Fourth Circuit has made a travesty of petitioner's rights; it has abdicated its judicial responsibilities and confusedly and blindly decided the appeal before it by giving conclusive weight to the inapplicable decision of another court contrary to the long settled decisions of this Court."

The *White* case cited by petitioner is not apposite. It was there held that where a single invention will support *either* a design patent *or* a mechanical patent but not both, an adjudication of invalidity of one (the design patent) will save the other (the mechanical patent). This is not a conventional double patenting case since design and mechanical patents provide different forms of patent monopoly and neither is capable of extending the term of the other.

Seventh Question Presented

("Complete abdication of judicial function.")

a. "Under established principles of law (that the primary duty of every court is to decide cases right, that a suit for patent infringement is *in personam*, concludes nobody but the parties and is not custom-

arily reviewed by the Supreme Court in the absence of conflicting decisions in different circuits);

b. "in the light of the admission by the Second Circuit that its changing tests of invention made patent validity dependent on the date of adjudication;

c. "and in view of Second Circuit decisions which are irreconcilable with the earlier 710 decision;

d. "in a plenary suit between different parties, in which the Special Master and District Court adjudicated that the patent was valid and that petitioner was not the *alter ego* of the prior owner of 323;

e. "did the Court of Appeals below depart from the accepted and usual course of judicial proceedings

f. "by holding that the invalidity of 323 had been '*conclusively* demonstrated by the Federal Courts in New York' in a summary proceeding which declared 323 invalid by reason of the collateral estoppel of the earlier 710 judgment?"

Answer to Seventh Question

a. The Court of Appeals abdicated *no* judicial responsibility when it held that the invalidity of 710 and 323 "had been *conclusively* demonstrated by the Federal Courts in New York" (original accent).

Petitioner's position (p. 37) is that:

> "On no basis, in fact or in law, could the New York decisions be conclusive. That the Court of Appeals thought so establishes its failure to follow the accepted and usual course of judicial proceedings."

Petitioner's position (p. 41) further is that:

> "In patent cases, neither reason nor authority supports the contention that an adverse adjudication precludes another suit upon the same claims against a different defendant."

Petitioner misconstrues the decision of the Court of Appeals. What that Court really said was (p. 18a) that:

> "• • • when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal Courts in New York. Whether or not Tidewater had the naked right to relitigate in this Circuit, we think to sue again in the circumstances was an abuse of that right, especially in seeking to recover on grounds renounced in New York and in the District Court here."

Here is full recognition of petitioner's asserted right, in a different jurisdiction and against a different defendant, to relitigate the validity of its 323 patent.

The statement in the opinion of the Court of Appeals that invalidity of 710 and 323 "had been *conclusively* demonstrated by the Federal Courts in New York" is not a holding of "*res judicata* or collateral estoppel" (p. 41), but rather a finding or recognition of conclusive evidence—regardless of whether or on whom it is legally binding. 32A C. J. S. p. 622. Indeed, the Court of Appeals expressly stated (p. 4a) that:

> "We are urged to dispose of this case upon a plea of res judicata or judgment by estoppel—that the New York decisions are conclusive here. • • • As we find the patent invalid in itself, we have no occasion to rule on the effect here of the New York decisions."

b. The 323 patent was fully litigated in New York.

Petitioner downgrades the 323 case in New York to a "summary proceeding" which has no weight "even as precedent in the Virginia 323 plenary litigation", and petitioner then declares (p. 39) that:

> "Thus, in the District Court in the Fourth Circuit, for the first time, the 323 patent had its full day in court, in a case supervised and controlled by its actual owner, in a case in which the patent was unquestionably under the Court's jurisdiction, in a case in which all the issues were tried in a complete plenary proceeding * * *."

Petitioner does not fully or fairly represent the facts of the 323 case in New York to this Court.

323 was defended in New York by the same attorney who has represented petitioner throughout all of the proceedings in the present case. That he was retained in New York by Sales Affiliates and here by petitioner is of no significance on the present issues. Actually, two Circuits have now held that petitioner is the *alter ego* of Sales Affiliates. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 (D. C. N. Y. 1958); original opinion of the Court of Appeals in the present case (p. 18a) and opinion on rehearing (p. 19a) where the repeated reference to petitioner's litigation and relitigation of 323 is a holding of *alter ego.*

Counsel (now for petitioner, then for Sales Affiliates) had every opportunity to try the 323 case in New York on its merits, and any omission of testimony or evidence was a matter of choice and not of compulsion. This appears from the following colloquy between Court and counsel in the case at bar (Tr. pp. 1634-1635):

> "[Mr. Finnegan] * * * there was no real contest on the merits of the controversy or the validity of 323 in New York.

> The Court: Where were you then? Were you there?
>
> Mr. Finnegan: I was there, yes, sir. But Sales Affiliates chose not to contest it. * * * "

Actually, Sales Affiliates did contest it. As stated in the report of Special Master Rifkind (DX-44 in the present case, Defendants' Appendix, p. 57a):

> "Hearings on the application were held before me on May 14, 18 and June 9, 1956. Depositions of witnesses were taken in Kansas City on June 7, 1956 and were offered in evidence at the hearings. Final argument was had on September 12, 1956."

Sales Affiliates' brief before the Special Master in the 323 case in New York reads like petitioner's brief before the Special Master in the case at bar. The following is the index of patent points in the Sales Affiliates' Brief in New York:

		PAGE
A.	As a matter of law, the 323 patent is for an invention different from the 710 genus patent	45
	1. The genus character of the 710 invention was basic to the 710 decision; the 323 patent is for a species	46
	2. As a matter of law, species are different inventions from the genus and may rest on a different inventive concept	49
B.	Criticality as to 323 claims is moot	54
C.	The invention date of the 323 species was not adjudicated in the 710 action. It is clearly earlier than that of the 710 genus	64

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D. The ultimate findings on the prior art in the 710 action do not require or compel invalidation of the species claims of 323 70

E. The uses of Grant and Martin do not require or compel invalidation of the 323 species claims 73

F. The species claims of 323 do not constitute double patenting with respect to the depilatory patent No. 2,352,524 75

G. The findings of indefiniteness in the 710 case do not apply to the species claims of 323 79

1. Definiteness of the 323 claims in light of the 323 disclosure 80

2. The Court of Appeals law of the case does not apply to the 323 species 83

H. There is no "New Matter" in the 323 patent 85

The Appendix in the 323 appeal to the Second Circuit Court of Appeals consisted of 621 patent size pages. This was anything but a summary proceeding. As characterized by the Second Circuit Court of Appeals (*Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 946):

> "• • • the only missing badge of a plenary proceeding was the service of an original summons. • • • Indeed, it is difficult to imagine what more could possibly have been presented in a so-called 'plenary' proceeding."

c. Invalidity of 323 was conclusively demonstrated by the Federal Courts in New York.

Invalidity of 323 was "conclusively demonstrated" by the District Court in *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 (D. C. N. Y. 1958) and in the Report of Special Master Simon H. Rifkind (DX-44 in the present case, Defendants' Appendix, pp. 53a-76a) upon which said District Court decision was based. Petitioner disagrees.

But the New York decisions are not subject to collateral attack, and certainly not by this petitioner, the creation, assignee and *alter ego* of Sales Affiliates, the losing party in the *Helene Curtis* litigation. If Judges Rifkind and Kaufman were wrong in their showing and holding of invalidity of 323, the place to reverse them was in the Second Circuit Court of Appeals. Sales Affiliates was not one to forego an appeal, as the record so amply shows. Yet the adverse 323 decision in 161 F. S. 345 was not appealed. This appears from the following colloquy between the District Court and counsel for petitioner in the present case (Tr. 1164):

> "The Court: What happened with reference to the decision of Judge Kaufman on the 323 patent? Was that appealed to the Second Circuit?
>
> Mr. Finnegan: No, Your Honor, it was not.
>
> The Court: It was not.
>
> Mr. Stoll: Well, I understood an appeal was filed, isn't that so?
>
> Mr. Finnegan: Well, the appeal was dropped. I think it was filed. There was no appeal taken or prosecuted."

This failure to appeal the adverse 323 decision in New York is a confession that that decision is correct. It obviously cannot be challenged by a Petition for Certiorari in the present case.

d. The opinion of the Court of Appeals that invalidity of 323 was "conclusively demonstrated" is unassailable.

Petitioner's position (p. 42) is set forth as follows:

> "The conclusive weight given to the New York decisions by the Court of Appeals for the Fourth Circuit has made a travesty of petitioner's rights; it has abdicated its judicial responsibilities and confusedly and blindly decided the appeal before it by giving conclusive weight to the inapplicable decision of another court contrary to the long settled decisions of this Court."

As has above been shown, the Court of Appeals in the case at bar has *not* given conclusive weight or *any* legally binding effect to the decisions of the New York Courts. What the Court of Appeals has done was to find and hold that the evidence in the 323 case in New York—which closely parallels the evidence in the present case—was so strong as to conclusively demonstrate the invalidity of 323.

Does petitioner wish to have the Supreme Court evaluate the decisions of the New York Courts to determine whether the Fourth Circuit Court of Appeals was justified in finding and holding that they conclusively demonstrated the invalidity of 323?

Eighth Question Presented

("Extraordinary award of attorney fees.")

a. "After 710 was held invalid in the Second Circuit by declaratory judgment against Sales Affiliates,

b. "323 issued to petitioner in Virginia, but was held invalid in the Second Circuit on a motion for summary relief at the foot of the 710 judgment served on Sales Affiliates only,

c. "on the ground that petitioner was the *alter ego* of Sales Affiliates and subject to collateral estoppel by the 710 judgment.

d. "The first and only time 323 was litigated in a plenary action and petitioner was itself a party,

e. "the District Court in Virginia on a different record, confirmed the report of a Special Master and held 323 valid and petitioner not an *alter ego*.

f. "Question (a) In reversing, was the extraordinary award of attorney fees to the prevailing party by the Court of Appeals unconstitutional, by violating the Due Process Clause of the Fifth Amendment of the U. S. Constitution?

g. "(b) Was it also in violation of Section 285 of 35 U. S. Code?"

Answer to Eighth Question

a. This is an exceptional case warranting the imposition of reasonable attorney fees.

Petitioner takes issue with the determination by the Court of Appeals (p. 18a) that:

> "Attorney fees in a reasonable amount should be awarded to the Appellants the prevailing parties. 35 U. S. C. 285. The exceptional circumstances dictating this allowance are the fact that when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York. Whether or not Tidewater had the naked right to relitigate in this Circuit, we think to sue again in the circumstances was an abuse of that right, especially in seeking to recover on grounds renounced in New York and in the District Court here. Plymouth Rubber Co. v. Minnesota Mining & Mfg. Co., 203 F. Supp. 595, 601 (1962), affirmed and modified on other grounds, 321 F. 2d 151 (1963), cert. den. 375 U. S. 969 (1964). To leave the appellants or their indemnitors to bear the expense of defending Tidewater's accusations of infringement upon these facts would be to saddle them with an unjust hardship." (original accent.)

Petitioner challenges this determination (p. 42) as follows:

> "This raises important questions respecting the interpretation of 35 U. S. C. §285 allowing such fees only in exceptional cases.
>
> "1. That this was not an exceptional case justifying such an award clearly appears from the discussion establishing not only that the New York litigations were not conclusive but that they had no weight herein * * * ".

However, the Court of Appeals has held that the New York Courts "conclusively demonstrated" the invalidity of 323 and that relitigation in the circumstances was an

abuse of the right to relitigate a patent case in another jurisdiction. Petitioner protested this holding in a Petition for Rehearing addressed to the Court *en banc*. The Court confirmed its views (p. 19a) as follows:

> "* * * Relitigation of patent 323 was, in the circumstances, an abuse of that right. We thought it vexatious. We still think so. If Tidewater wants to litigate and relitigate, it alone should pay the cost when it does not prevail."

Query: Is this a matter which should concern the Supreme Court, the question of whether petitioner's conduct was so vexatious as to justify the imposition of attorney fees? We think not.

b. There is ample precedent for the imposition of reasonable attorney fees in the present case.

In support of its award of reasonable attorney fees in this case, the Court of Appeals cited (p. 18a) *Plymouth Rubber Co.* v. *Minnesota Mining & Mfg. Co.*, 203 F. S. 595, 601 (D. C. Mass. 1962), affirmed and modified on other grounds, 321 F. 2d 151 (1963) cert. den. 375 U. S. 969, 84 S. Ct. 489 (1964). This case is pertinent not only because of its views on awarding attorney fees in exceptional circumstances, but also because of its citation of the *Helene Curtis* litigation in New York as an illustration of what constitutes vexatious conduct. We can do no better than quote *Plymouth Rubber in extenso* as follows (203 F. S. at p. 601):

> "* * * The conduct of Minnesota with reference to the multitudinous actions it has filed in connection with its Oace patent can be accurately characterized by the language of Judge Kaufman in Helene Curtis Industries v. Sales Affiliates, D. C., 105 F. Supp. 886, 902, aff'd. 199 F. 2d 732 (2 Cir. 1952):

> "'[Defendant] is forum shopping with a vengeance. I discern no other rationale which can adequately explain the strategems which it has employed through this controversy. *Our courts are not meant for such use'.*" (Emphasis added [by the quoting Court].)
>
> • • •
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> "The final question raised by the pleadings is whether or not an attorney's fee should be awarded to Plymouth. It is clear, under 35 U. S. C. A. §285, that an attorney's fee is to be awarded only in the exceptional case. Exceptional cases, for purposes of Section 285, are those in which the conduct of the party against whom attorney fees are awarded may be characterized as unfair or vexatious or involving bad faith or some other equitable consideration which makes it unjust that the prevailing party be left to bear the burden of his own counsel fees, which prevailing litigants normally do bear.
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> • • •
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> "I find and rule that the conduct of Minnesota in this case, in which it again is unsuccessfully asserting contentions rejected many times previously by other Federal courts, is both vexatious and unfair, and I award attorney fees to Plymouth. • • •"

It was not only Judge Kaufman (as quoted in the *Plymouth Rubber* case) who was vexed with the conduct of Sales Affiliates in the *Helene Curtis* litigation. The Court of Appeals for the Second Circuit, on at least two occasions, expressed similar views. We refer to *Helene Curtis Industries* v. *Sales Affiliates,* 199 F. 2d 732, 733, 734 (2 Cir. 1952), where the Court wrote as follows:

> "• • • Generally speaking, a simple case pending in diverse courts may be allowed to go forward

simultaneously in each tribunal until one reaches final judgment, and prior judicial control or direction is unnecessary if not undesirable. But that is not the case when a major industry is left in turmoil for some years while litigation as to it sprouts in various parts of the country. * * * It appears that after strong threats of litigation had demoralized the business and the two present suits for declaratory judgments of invalidity had been instituted, the defendant filed a total of six infringement actions against ten concerns in different parts of the country.

* * *

"The district court finds defendant guilty of 'forum shopping with a vengeance.' 105 F. Supp. at page 902. There is certainly strong support for this in the record, not lessened by the defendant's vigorous appeals to us during the summer and now. Defendant could more properly push forward with the hearings already under way and thus assist in hastening the adjudication which all should wish to obtain."

The Second Circuit Court of Appeals again had occasion to deal with the vexatious conduct of Sales Affiliates in *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 945 (1957). This was the case in which the Court of Appeals held that Helene Curtis was entitled to an adjudication of the 323 controversy, regardless of Sales Affiliates' contention that 323 was owned by another company, to wit, petitioner herein. We quote the following statement from the opinion of the Second Circuit Court of Appeals (247 F. 2d at p. 945) for its pertinency to the present proceeding:

> "There has been a potential state of warfare in the industry since the late 1940's at least. 105 F. Supp. 886, 897-899. This Court noted that 'a major industry [had been] left in turmoil for some years while litigation * * * sprout[ed] throughout the country. * * * It appears that * * * strong threats of litigation had demoralized the business.' 2 Cir., 1952, 199 F. 2d 732, 733. The decision as to 710 should have settled matters but now the plaintiff has introduced evidence tending to indicate that under the cloak of a second patent, Sales Affiliates is attempting to keep the industry in a turmoil by subjecting retailers and manufacturers of these products to infringement suits throughout the country. Thus, not only the present plaintiffs but also the entire industry are in sore need of injunctive relief if under the facts and the law it is available."

The present Court has recently noted the statutory authority for an award of reasonable attorney fees in patent litigation. *Fleischmann Distilling Corporation* v. *Maier Brewing Co.*, 386 U. S. ——, 87 S. Ct. 1404, May 8, 1967.

Petitioner questions the right of the Court of Appeals to award attorney fees in the absence of a prior supporting determination by the District Court (p. 43):

> "The award of attorney fees by the Court of Appeals was made without any prior determination by the District Court of the factual issues which are conditions precedent to such an award."

However, petitioner has answered its own question by noting (p. 43) that:

> "Petitioner prevailed in the District Court and respondent's request for attorney's fees was denied by that Court (App., p. 42a). There was no occasion for the award of attorney's fees to respondents to be litigated in the District Court in view of that Court's disposition of the cause before it in favor of the petitioner."

CONCLUSION

For the reasons above stated, it is respectfully submitted that there is no basis in fact or in law for the granting of the Petition for Certiorari and its denial is respectfully urged.

Respectfully submitted,

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